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Panama: Prospects for the Election

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PANAMA:
PROSPECTS FOR
THE ELECTION

Information available as of 5 April 1984 was
used in the preparation of this Estimate.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

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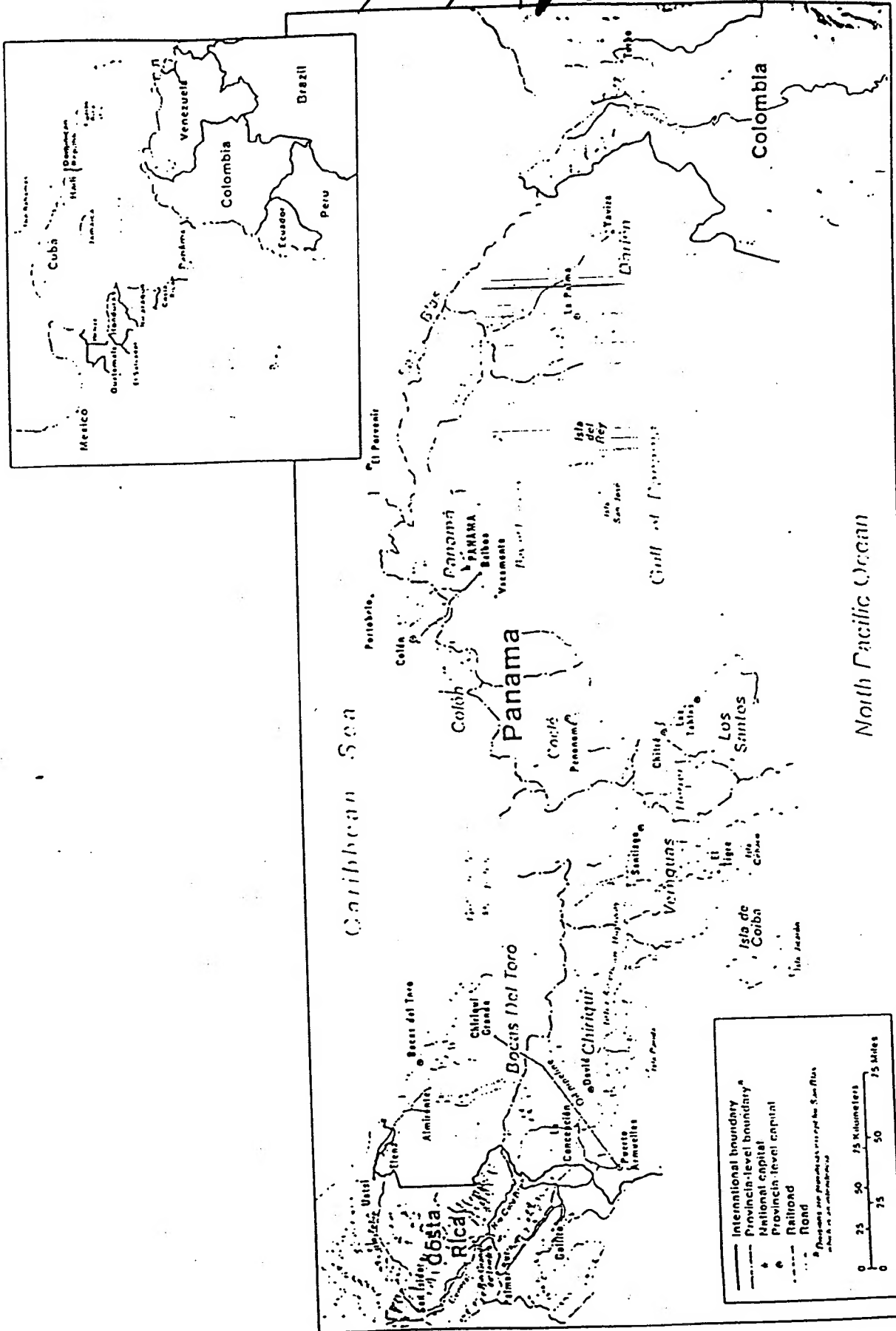
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KEY JUDGMENTS

We believe that there is a better-than-even chance that Panama's first presidential election in 16 years will be held as scheduled on 6 May. It is our judgment, however, that the Defense Forces will take whatever steps it deems necessary to ~~protect the~~ dominance of that institution and that the military almost certainly will not permit another presidency by longtime opposition figure Arnulfo Arias. [REDACTED]

Seven presidential slates will be represented in the balloting, but the main competition will be between Arias and government candidate Nicolas Barletta. The military's anxiety over Arias's desire to limit its power and prerogatives gives his candidacy and possible election an inherently destabilizing quality. [REDACTED]

Should the presidential race be close, Defense Forces Commander Manuel Antonio Noriega is unlikely to intervene overtly but will attempt to influence the balloting through financial and propaganda means. Moreover, we expect that government officials will be using their extensive resources to manipulate the electoral machinery to increase the vote for Barletta. [REDACTED]

Noriega is sensitive to the negative ramifications of any blatant interruption of the political process. These would include undermining the country's growing political role in the Central American area, damaging its currently amicable relations with the United States, and jeopardizing its efforts to attract increased foreign loans and investments to offset Panama's economic problems. [REDACTED]

Should the 82-year-old Arias pull embarrassingly ahead of Barletta, however, we believe the military probably will move to postpone the election. In fact, a wealth of reliable intelligence indicates that neither Noriega nor the military institution would tolerate an Arias presidency, and we see no constraints that would effectively preclude a coup against the Defense Forces' longtime antagonist should that be considered necessary. A move to oust Arias most likely would come after the election, but before the inauguration scheduled for 11 October. [REDACTED]

Although an Arias presidency would pose no direct threat to US interests in Panama, we believe that should Arias remain in office his tenure would be characterized by constant tension with the military which, at a minimum, would create a climate of instability eventually detrimental to US-Panamanian relations. [REDACTED]

DISCUSSION

1. The death of Omar Torrijos in a plane crash in July 1981 seriously complicated the transition to a popularly elected civilian government in Panama. Torrijos believed that the restoration of such a government would justify the Defense Forces' long-term role in politics while preserving its future influence in decisionmaking. He therefore expected to guide the nation through a period wherein the military would gradually relax its formal hold on power. The loss of Torrijos's dominating and stabilizing political hand left the military's role in this political transition in doubt.

2. Since mid-1981, efforts by the Panamanian Defense Forces to nurture a climate suitable for a smooth transition have been characterized by continued political meddling with civilian government institutions. The most visible manifestation of this interference has been the military-inspired resignations of two Panamanian presidents in the last 20 months.

(b)(3) [redacted] have indicated that the ouster in February of President de la Espriella was largely a result of his refusal to support Defense Forces Commander Manuel Antonio Noriega's personal choice for president, former World Bank official Nicolas Barletta. Meanwhile, Noriega must deal with interim President Illueca, who has strong leftist views and a propensity for taking stands at variance with official policy.

3. Against this backdrop of uncertainty, the growing political strength of principal opposition candidate and longtime foe of the military, Arnulfo Arias, has further clouded the presidential contest. Noriega has been unable to reach a political accommodation with Arias, and their relationship is likely to be increasingly antagonistic as the scheduled 6 May presidential election approaches.

Election Stokes

4. The election has important domestic, regional, and economic ramifications for Panama which together argue against military disruption of the political process. A successful contest in May would legitimize a civilian head of government for the first time since 1968, thus completing the transition initiated by Torrijos. Moreover, the Panamanian leadership appears

increasingly to relish its perceived, newfound political role in the region and therefore would be chagrined by any appearance of domestic instability.

5. Panama's desire to maintain an image of stability is largely driven by economic considerations. When compared to its neighbors, Panama's economy has remained generally sound over the last few years—a result of its large offshore banking community of some 125 institutions. Nevertheless, official Panamanian estimates indicate that the country moved deeper into recession in 1983 with a 2.8-percent decline in real GDP. The current government of caretaker President Illueca is already operating under IMF-mandated austerity measures. Any indiscriminate interruption of the political process could hurt the country's standing with international lending institutions and further impair its ability to cope with mounting economic difficulties.

US Interests

6. Panama remains vital to US security interests because of the Canal, shipping operations linked to it, and, to a lesser degree, the opening in 1983 of the transisthmian oil pipeline in western Panama. It is also the headquarters of the US Southern Command, the major US military presence in Latin America. While the Canal historically has been the cause of strong Panamanian resentment against Washington, bilateral relations have continued to improve since the treaties negotiated by Torrijos went into effect in 1979. Relations with the United States are currently better than at any time in recent history. Panamanian leaders apparently realize that maintaining a close working relationship with the United States will become increasingly important as Panama prepares to assume full responsibility for the security and defense of the Canal at the end of the century and also if the insurgent threat grows in the region.

7. The commingling of interests has been especially pronounced in growing military cooperation. Since becoming head of the Defense Forces in August 1983, Noriega has been particularly receptive to US operational and administrative needs. Recent agreements permit a successor to the US Army School of the Americas, provide leaseback arrangements for housing

needed by the US Southern Command, and support: stepped-up cooperation in the conduct of joint exercises and operations. Panama also sees its economic well-being intimately tied to the United States, as reflected by its recent signing of a bilateral trade agreement and its endorsement of the Caribbean Basin economic recovery program. [REDACTED]

8. A disruption of the Panamanian political transition may not directly threaten these important links between Panama and the United States. Nevertheless, a failed Panamanian electoral process would undercut US efforts to portray continued progress toward democratization in the region. We also believe that such an eventuality would be exploited by Cuba and Nicaragua for anti-US propaganda purposes throughout the Caribbean, while in Panama the Cubans probably would use the period following a failed election to take advantage of unrest among leftist student groups and try to direct it against the United States and US interests in Panama. Cuba's extensive political and commercial interests in Panama, however, probably would preclude a concerted effort to undermine the government. Nevertheless, we believe Havana would view the situation primarily as an opportunity to exploit Panamanian nationalism and foment Panamanian-US tensions. [REDACTED]

The Election

9. Assuming that the election proceeds as scheduled on 6 May, some 918,000 citizens will be eligible to select a president, two vice presidents, and 67 legislators. Seven different electoral slates made up of 14 registered political parties are represented on the ballot, with the president and other winners decided by simple pluralities. The presidential inauguration will be in October, with the victor serving a five-year term. Mayoral and municipal elections will be held on 3 June. [REDACTED]

10. The high turnout accorded last year's constitutional referendum suggests that interest in this contest also will be strong. The country's last presidential election took place 16 years ago, and almost half of the current electorate have never cast ballots for a president. It is difficult to estimate current voter patterns and preferences, but we believe that 70 to 80 percent of the eligible voters will exercise their franchise. Persons 18 years old and over are eligible to vote, and most observers believe that this untested youth vote will play a significant role in determining the eventual winner. [REDACTED]

Potential for Fraud

11. Panama's Electoral Code—legislation drafted jointly in mid-1983 by both opposition and progovern-

ment party representative—is designed to prevent fraud. Many of the Code's almost 500 articles are intended to eliminate irregularities, and stiff penalties are prescribed for offenders, including jail terms and large fines for those caught selling their vote. Voting is by secret ballot, validated through fingerprinting. Finally, the Electoral Tribunal may declare the election null and void—in whole or in part—if the requirements of the Code or the election results are seriously compromised. [REDACTED]

12. Although the code will make it difficult to rig the vote on any massive scale, we believe that government officials will use their extensive resources to manipulate the electoral machinery to increase the vote for the official candidate. [REDACTED]

Major Candidates

13. Constitutional and electoral reforms over the past year appear to have been largely intended to convince skeptics of the military's intention to support honest elections. In this, the Defense Forces apparently envisioned a contest between the relatively moderate, democratically inclined opposition parties and a government-backed candidate. In our judgment, the military would have been satisfied with whichever candidate won, thus guaranteeing its institutional health while earning it high marks at home and abroad. [REDACTED]

14. This strategy became unraveled as the thrice-elected, thrice-deposed Arias entered the race in February at the head of his Authentic Panamenista Party. He soon began to attract significant support, including that from the well-organized Christian Democrats and the National Republican Liberal Movement. As a result, the Arias-led coalition presents the regime with its most serious challenge in the last 16 years. Although his strength in the polls has not been tested since 1968, Arias is the only presidential candidate with a proven ability to attract votes. He also has a similar ability to generate animosity from the military, however, which fears his desire to limit its power. These fears have led to his ouster as President on three occasions by the officer corps. We judge that an Arias presidency poses no direct threat to US interests in Panama. Should he remain in office, however, we believe that his tenure

Presidential Election Slates

The Major Contenders

- National Democratic Union
- Democratic Revolutionary Party (PRD)
 - Republican Party (PR)
 - Liberal Party (PL)
 - Labor Party (PALA)

The candidates:

- President: Nicolas Barletta (PRD)
- 1st Vice President: Eric Delvalle (PR)
- 2nd Vice President: Roderick Esquivel (PL)

Other parties supporting the government slate:

- Panamenista Party (PP)
- Popular Broad Front Party (FRAMPO)

Democratic Opposition Alliance

- Authentic Panamenistas (PPA)
- Christian Democrats (PDC)
- National Republican Liberal Movement (MOLIRENA)
- Authentic Liberals (unregistered)
- National Action Party (PAN, unregistered)

The candidates:

- President: Arnulfo Arias (PPA)
- 1st Vice President: Carlos Rodriguez (PPA)
- 2nd Vice President: Ricardo Arias Calderon (PDC)

Popular Nationalist Party (PNP)

- "The Third Force Movement"

The candidates:

- President: Gen. Ruben Dario Paredes
- 1st Vice President: Carlos Landau
- 2nd Vice President: Olimpo Saez

The Minor Contenders

The Popular Action Party

The candidates:

- President: Carlos Ivan Zuniga
- 1st Vice President: Manuel Garcia Almegor
- 2nd Vice President: Doris Rosas de Mata

The People's Party (PDP)

(Official Communist Party)

The candidates:

- President: Carlos Del Cid
- 1st Vice President: Cesar de Leon
- 2nd Vice President: Julio Bermudez

Revolutionary Workers Party (PRT)

The candidates:

- President: Jose Renan Esquivel
- 1st Vice President: Carmen Miro
- 2nd Vice President: Carlos Perez Herrera

Socialist Workers Party (PST)

The candidates:

- President: Ricardo Barria
- 1st Vice President: Gilma Rosa Lopez
- 2nd Vice President: Rubelio Ortiz

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would be characterized by constant tension with the military which, in turn, would create a climate of instability eventually detrimental to US-Panamanian relations. [REDACTED]

15. The advanced age and failing health of the former head of state raises additional doubts about how long Arias would remain in office. If he were to die or become unable to continue the election campaign, first vice presidential nominee Carlos Rodriguez probably would succeed him as head of the Democratic Opposition Alliance. [REDACTED]

[REDACTED] Should Rodriguez succeed Arias in

the presidency or win the election in his own right, we believe he probably would prove acceptable both to Noriega and to the General Staff. [REDACTED]

16. Like Rodriguez, the government coalition's candidate, Nicolas Barletta, is a former resident of the United States and is friendly to Washington. We believe a Barletta victory would be characterized by continuing strong relations with the United States, support for US policy in Central America and the Caribbean, and generally conservative economic policies reminiscent of the de la Espriella government. [REDACTED]

[REDACTED] Barletta's close ties to the international banking community made him an extremely attractive candidate to Noriega and [REDACTED]

other military leaders, who are anxious that Panama garner greater foreign investment and concessional loans. [REDACTED]

17. Barletta, however, faces a tough election fight against Arias, who remains Panama's most popular political figure and whose name recognition is far greater. In addition, Barletta's abilities as a unity candidate—despite his economic credentials and reputation for honesty—remain suspect. His nomination by the ruling Democratic Revolutionary Party (PRD) in late February, for example, received only guarded support from the party's influential left wing. Leaders of the Liberal, Republican, and Labor Parties—who have joined with the PRD to form the progovernment National Democratic Union—also have expressed concern over Barletta's chances of defeating the charismatic Arias. [REDACTED]

18. The electoral picture is further clouded by retired General Paredes, who heads the Third Force ticket of the Popular Nationalist Party. Paredes's political fortunes evaporated shortly after he relinquished command of the Defense Forces to Noriega in August 1983. Noriega and the General Staff quickly abandoned Paredes when it became apparent that his erratic campaign was attracting little support and, more significantly, that he planned to limit the military's power upon assuming the presidency. Despite his political difficulties, we believe that Paredes's disassociation from the military, widespread recognition among voters, and the youth-oriented policies of his party will siphon votes away from both of the major candidates on election day. [REDACTED]

The Role of the Defense Forces

19. We believe Noriega has come to accept in large measure the Torrijos precept that Panama's long-term interests demand evolution toward an elected civilian government. Under Torrijos, the military would have reverted to its more traditional role of guarantor of the peace as it gradually guided the country toward a system in which political legitimacy would be gained through open elections. In addition, Noriega and other military leaders are equally aware that local leftists would be likely to view a perversion of the electoral process as a betrayal of *torrijismo*, and so tempt them toward violent demonstrations. [REDACTED]

20. Noriega has generally adhered to Torrijos's stated wishes by attempting to modernize and develop a military force that can both shield Panama against Central American unrest and assume its responsibility for defense of the Canal by 1999. The passage of Law 20 last September, for example, established a broad legal base on which the Defense Forces can grow over

the years to meet its increased responsibilities. Although willing to accept some minor changes in the law to silence opposition complaints, Noriega probably would react negatively to any serious challenge to the legislation, which he sees as protection against future meddling by civilians in military affairs. [REDACTED]

The Arias Threat

21. In our judgment, Noriega's recent apparent failure to reach an accommodation with Arias confirms their continuing mutual antipathy. [REDACTED] (b)(3)

[REDACTED] (b)(3)
We judge that Arias as president probably would insist on immediate military subservience rather than settle for a transition period in which the Defense Forces would gradually relinquish its hold on power. Thus, from Noriega's perspective, Arias currently represents a major threat to the military institution itself. The officer corps also is concerned that Arias would move to eliminate its traditional sources of graft. Moreover, they fear that Arias, once in power, will seek retribution for the military's past abuses. These concerns suggest that the desire of the General Staff to prevent yet another Arias presidency will continue unabated. [REDACTED]

23. We believe an additional source of concern to the Defense Forces is the current attitude of the moderate opposition, which previously was willing to cooperate in a gradual transition. In backing Arias, the opposition now appears more willing to press the armed forces to cede more than symbolic power to the civilians. The removal of President de la Espriella and Noriega's imposition of Law 20 have confirmed opposition fears that the military remains reluctant to relinquish its hold on power. Should the election now be either postponed or fixed, an increased polarization between these parties and the Defense Forces may result in civil unrest, including work stoppages and strikes against the government. Meanwhile, Arias and

other opposition leaders probably believe that US support for the development of democracy in the region, as well as Panama's participation in the Contadora negotiations, creates external pressure for a fair and honest election. (S NF)

Military Options To Undermine the Electoral Process

24. Opposition hopes notwithstanding, [redacted] indicate that the military will not permit another Arias presidency. [redacted]

(b)(3)

[redacted] Defense Forces Chief of Operations (G-3) Elias Castillo also recently confided to US officials in Panama that the General Staff viewed as preferable a coup against Arias sooner rather than later. [redacted] have suggested that President Illueca might be replaced with a provisional junta-style government that would delay elections for several months. When it occurred, the contest would be limited to selecting a constituent assembly charged only with drafting a new constitution. We believe the opposition would react violently to such a transparent ploy, particularly as the Constitution was revised only last year. [redacted]

25. Noriega has other options, however, including legal maneuvers to delay the balloting. A case currently pending before the Panamanian Supreme Court contends that the 1983 Constitution is not valid for procedural reasons. If Noriega were intent on doing so, we believe he could prevail on the Court to uphold the suit and thus have the elections delayed on a technicality. Far less likely, though still possible, would be options involving a postponement necessitated by Panama's worsening economic situation or the formation of a new coalition around another business or opposition leader with more popular appeal than Barletta. [redacted]

26. Nevertheless, PRD sources claim that Barletta's candidacy is progressing well. Should this be the case,

the Defense Forces probably would let the elections run their course. Although a Barletta victory—even a legitimate one—might generate opposition, claims of fraud, the government's extensive control of the media would enable it to mute the charges. Meanwhile, we believe Noriega is likely to instruct his senior officers to give their full support to Barletta. Such assistance evidently will include largely unlimited financial support, use of the government-controlled press and radio, and help with the election day logistics. If necessary, graft and even strong-arm tactics probably will be employed to enhance Barletta's chances for success. [redacted]

Restraints on the Military

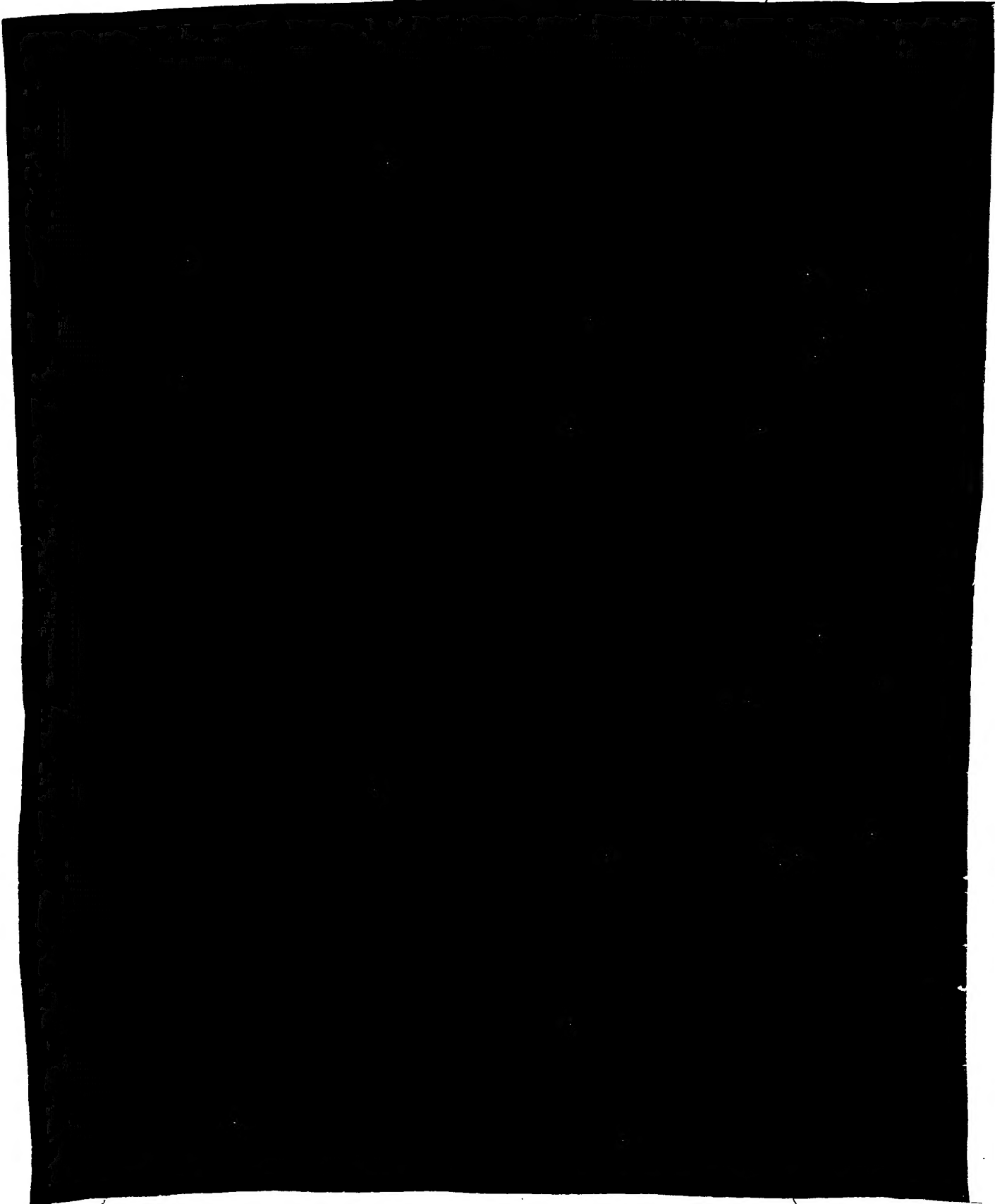
27. It is our judgment that the Defense Forces will take whatever steps it deems necessary to protect the dominance of the military institution. Noriega is sensitive to the need of the government to maintain at least a facade of legitimacy, however, and he probably will attempt to observe legal niceties where and when he can. For his part, Arias probably hopes that his recent call for international observers to monitor the election will help dissuade Noriega from postponing the voting or rigging the process. In addition, Panama's role as host for the Contadora negotiations and the pressure of other legitimate election processes under way in the region also may act as constraints, albeit minor ones. [redacted]

28. Of potentially greater impact is Panama's worsening economic situation, which has underscored for government leaders the importance of avoiding instability lest the country's reputation as a regional commercial and financial center be damaged. In this light, we believe the extensive US investment in Panama, as well as Washington's recent role in helping the government obtain commercial financing, will be a factor in any decision made by the Defense Forces. Nevertheless, Noriega's first loyalty is to the military. Whatever constraints he faces, he is unlikely to tolerate challenges from Arias or others, either to his institution or, at this point, to his own authority. [redacted]

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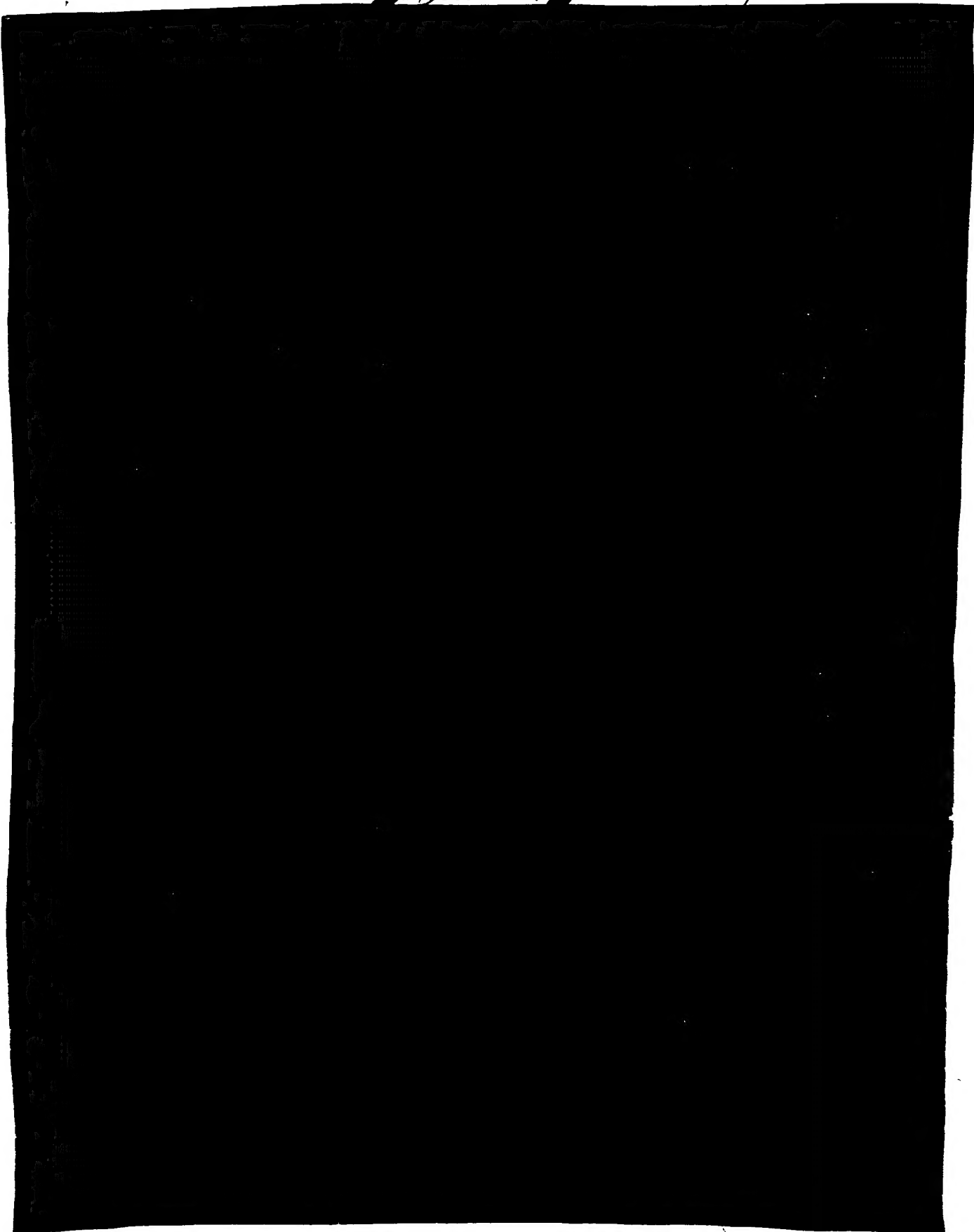
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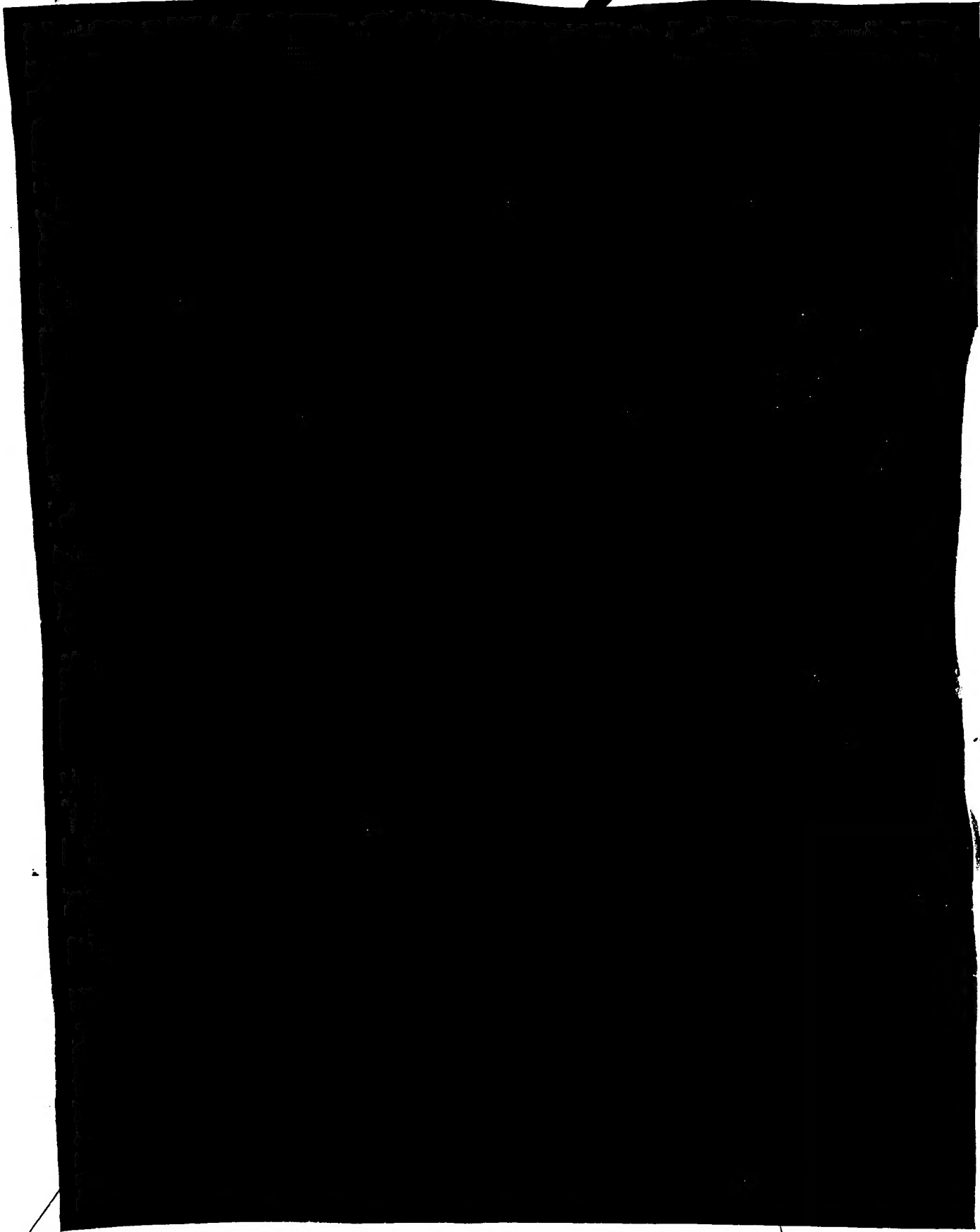
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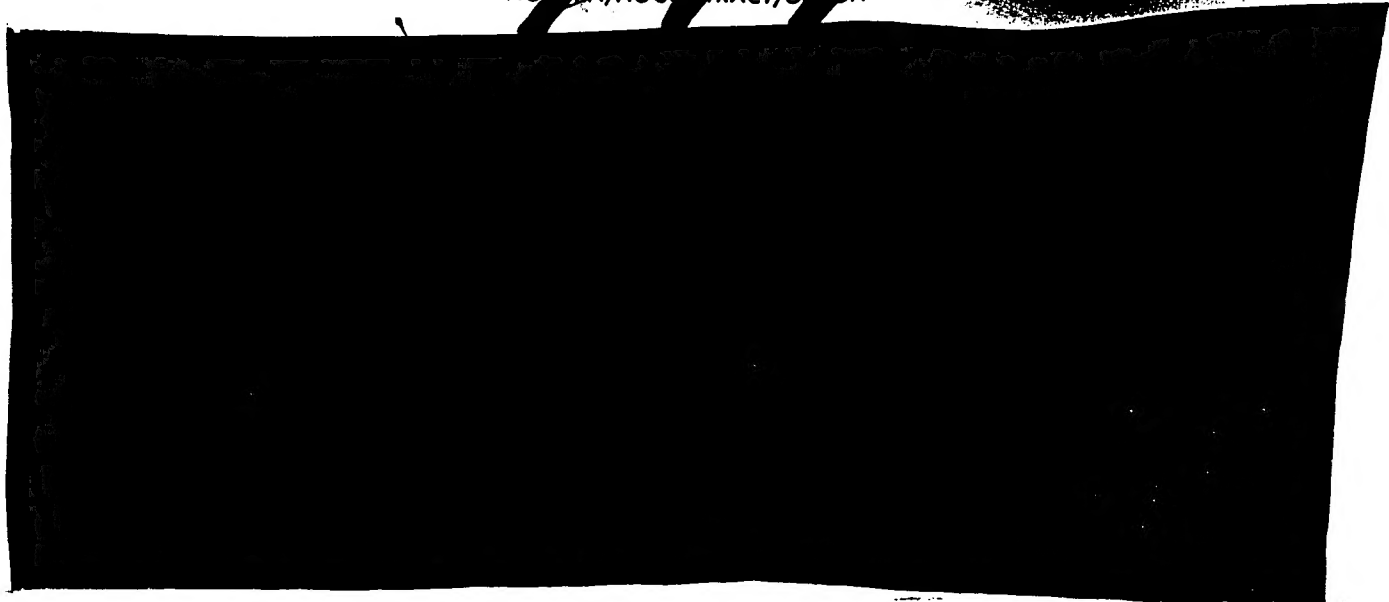
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